

Last week I was very pleased that the Financial Services Committee held a hearing on the Federal Reserve Transparency Act, HR 1207. The bill has 295 cosponsors and there is also strong support for the companion bill in the Senate. This hearing was a major step forward in getting the bill passed.

I was pleased that the hearing was well-attended, especially considering that it was held on a Friday at nine o'clock in the morning! I have been talking about the immense, unchecked power of the Federal Reserve for many years, while the attention of Congress was always on other things.

It was gratifying to see my colleagues asking probing questions and demonstrating genuine concern about this important issue as well.

The witness testifying in favor of HR 1207 made some very strong points, which was no surprise considering the bill is simply common sense. It was also no surprise that the witness testifying against the bill had no good arguments as to why a full audit should not be conducted promptly.

He attempted to make the case that the fed is already sufficiently accountable to Congress and that the current auditing policy is adequate.

The fact is that the Fed comes to Congress and talks about only what it wants to talk about, and the GAO audits only what the current laws allow to be audited.

The really important things however, are off limits.

There are no convincing arguments that it is in the best interests of the

American people for anything the Fed does to be off limits.

It has been argued that full disclosure of details of funding facilities like TALF and PDCF that enabled massive bailouts of Wall Street would damage the financial position of those firms and destabilize the economy. In other words, if the American people knew how rotten the books were at those banks and how terribly they messed up, they would never willingly invest in them, and they would fail.

Failure is not an option for friends of the Fed.

Therefore, the funds must be stolen from the people in the dark of night.

This is not how a free country works.

This is not how free markets work.

That is crony corporatism and instead of being a force for economic stabilization, it totally undermines it.

If the Fed gave its actual arguments against a full audit, they would not have mentioned anything about political independence or economic stability. Instead they would admit they don't want to be audited because they enjoy their current situation too much.

Under the guise of currency control, they are able to help out powerful allies on Wall Street, in exchange for lucrative jobs or who-knows-what favors later on.

An audit would expose the Fed as a massive fraud perpetrated on this country, enriching a privileged few bankers at the top of our economic food chain, and leaving the rest of us with massively devalued dollars which we are forced to use by law.

An audit would make people realize that, while Bernie Madoff defrauded a lot of investors for a lot of money, the Fed has defrauded every one of us by destroying the value of our money.

An honest and full accounting of how the money system really works in this country would mean there is not much of a chance the American people would stand for it anymore.